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PARAGUAY

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A-317
NO. ~~CONFIDENTIAL~~
TO : DEPARTMENT OF STATE
INFO: AmEmbassy BUENOS AIRES
FROM : AmEmbassy ASUNCION
DATE: February 2, 1966
SUBJECT: Navigation Rights on the Paraná River; Paraguayan-Argentine Dispute
REF :

On Saturday, January 29, the Foreign Minister called me in primarily to discuss the difficulties Paraguay was having with Brazil over the demarcation of the international boundary at the Guairá Falls (see Embtels 259 and 262).

I also took the occasion to ask the Minister how negotiations were progressing with the Argentines regarding navigation rights. He replied that, although as he had just been explaining, the sky looked dark in the direction of Brazil, he thought the sun was showing through the clouds over Argentine territory.

Late last year he had made available to the Argentines a simple draft treaty which would replace the controversial Acta de Buenos Aires and go beyond it in any case because the latter document was not subject to ratification whereas a formal treaty would be. I expressed interest in knowing how the GOP had approached the problem in the new draft, which prompted him to pull a copy out of his desk and hand it to me. (The Spanish text is attached hereto.)

When the Minister was in Rio de Janeiro last November attending

Enclosure:
As stated.

GROUP 3 - Downgraded at 12-year intervals,
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the Second Special Inter-American Conference, he had vigorously pursued the matter on the side with the Argentine delegation. Zavala Ortiz at first was stiff and unresponsive. Zavala began by saying that he had never seen the draft treaty proposed by the GOP although he had heard it mentioned, but Sapena Pastor, anticipating this, had a copy in his pocket which he placed in front of Zavala Ortiz. Sapena pointed out to him that the Argentines, in their own interest, ought to be more cooperative. In the first place, they were the ones who were pressing for an agreement to establish a large hydro-electric installation at the Apipé Rapids in the Alto Paraná. Paraguay was not interested because it already had the Acaray project well on its way. The power from Acaray (1.8 million Kwh) would supply the needs of Paraguay for the next ten or fifteen years as well as permitting exports of power to both Brazil and Argentina. In the second place, the Argentine Government had publicly invited President Stroessner to pay a state visit to Buenos Aires next June. The President would surely not be disposed to make such a visit in the absence of a satisfactory settlement of the river navigation problem. Thirdly, the Argentines were the ones who wanted to build a bridge across the Paraguay River, either near Asunción or at some point further south. The Paraguayans were not eager for this at all. They would do nothing to facilitate it unless the navigation question was settled.

The Argentine Minister at some point in the game stated that, as the Paraguayans knew, those blocking a friendly settlement along the lines desired by Paraguay were the Argentine Navy and the Argentine Labor Confederation. However, the Paraguayan draft appeared to offer a solution.

Since the close of the Rio Conference, negotiations have been proceeding in a friendlier spirit, Sapena Pastor assured me, and he looked for a favorable turn within the next few months. I asked whether the new Argentine Ambassador, General Rosas, had shown a constructive attitude. Sapena said that he had. In fact, just the other day when the Argentine Under Secretary for Foreign Affairs had been visiting Asunción and was in Sapena's office, Ambassador Rosas, in front of the assembled gathering, had remarked to the Under Secretary that obviously the Argentine charges of contraband used to justify the searching and delaying of Paraguayan flag vessels opposite Corrientes had been a pure fabrication. As everyone knew, Rosas had continued, the merchandise in question, such as cigarettes, came up the

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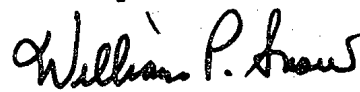
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river fully documented and was unloaded here at the port. Distribution through contraband channels into Argentina and elsewhere took place afterward and by air, or else the goods were diverted into the contraband trade in Buenos Aires in the first place without ever being loaded onto the river ships. That was the truth of the matter, Ambassador Rosas said, and according to Sapena Pastor, the Argentine Under Secretary did not seek to deny it. In addition, Ambassador Rosas had told Sapena a few days ago that he was proceeding again to Buenos Aires with a view to approaching his friends among ranking Argentine naval officers and would see President Illia on the subject as well. In other words, Ambassador Rosas was doing all possible.

The Department will note that the new GOP proposal avoids detail almost entirely but is worded to cover in principle and on the basis of reciprocity everything that Paraguay wants. It even disposes of the question of sovereignty in a way that the Argentines will have trouble finding fault with, although they (i. e., the Navy) may not like it as written. Meanwhile the ships of both flags ply the river despite the continuing argument and the Argentines can afford to be privately pleased when they see Paraguayan animosities being directed mainly towards Brazil for a change.



William P. Snow
Ambassador

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Enclosure to A-317

From Asunción

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Centenario de la
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Ministerio de Relaciones Exteriores

PROYECTO
DE
TRATADO DE NAVEGACION ENTRE LAS REPUBLICAS
DE PARAGUAY Y ARGENTINA (ARGENTINA Y PARA-
GUAY.)

Artículo I

Las Altas Partes Contratantes se aseguran recíprocamente la más amplia libertad de navegación en sus respectivos territorios en condiciones de igualdad de tratamiento. A este objeto, cada Parte concederá a los buques y embarcaciones nacionales en todo cuanto se refiera a la navegación; operaciones portuarias, servicios y condiciones de estiba y desestiba, tramites aduaneros, pago de derechos de navegación, atraque, estadía, tasas, servicios y cualesquiera otros gravámenes.

Artículo II

Exceptúase de la disposición del artículo anterior el comercio de cabotage, la pesca y el aprovechamiento de los recursos naturales en aguas jurisdiccionales, que cada Parte podrá reservarse con exclusividad, o hacer concesiones temporales a la otra.

Artículo III

Las Altas Partes Contratantes están de acuerdo en que este Tratado no afecta el derecho de soberanía que de acuerdo con el Derecho Internacional corresponde a cada una de ellas sobre sus aguas jurisdiccionales.

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